

Message Text

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51

ACTION NEA-12

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 FBO-01

ABF-01 DRC-01 /178 W

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R 071155Z JAN 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8854

LIMITED OFFICIAL USE NEW DELHI 0258

E.O.: 11652: N/A

TAGS: EFIN, IN

SUBJECT: RUPEES

1. PROFESSOR B. R. SHENOY, OF THE ECONOMICS RESEARCH CENTRE, NEW DELHI, IS EVIDENTLY PLANNING TO WRITE TO ALL MEMBERS OF THE FOREIGN RELATIONS AND FOREIGN AFFAIRS AND AGRICULTURE COMMITTEES EXPRESSING HIS OPPOSITION TO THE RUPEE AGREEMENT. PROFESSOR SHENOY HAS BEEN ACTIVE FOR YEARS IN ATTACKING USG HOLDINGS OF RUPEES CLAIMING THAT THESE HOLDINGS WERE INFLATIONARY. WITH THE INITIATING OF A RUPEE AGREEMENT, HE HAS NOW COME TO THE ERRONEOUS CONCLUSION THAT ALL THESE RUPEE HOLDINGS WOULD BE "MONETIZED" AND THAT THIS WOULD CAUSE EVENTUAL INFLATION.

2. SHENOY IS CONSIDERED A DECENT BUT CRACKPOT ECONOMIST WHOSE PEARLS OF WISDOM HAVE OFTEN BEEN SENT TO VARIOUS US POLITICAL FIGURES. HIS WRITINGS APPEAR EXTENSIVELY IN THE FAR RIGHT WING PRESS IN INDIA, ALSO OCCASIONALLY IN MORE RESPECTABLE PUBLICATIONS. THE INDIAN GOVERNMENT CONSIDERS HIM AN ECCENTRIC WHOM IT GENERALLY IGNORES.

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3. IN VIEW OF THE LIKELIHOOD THAT CONGRESSIONAL FIGURES

MAY REQUEST INFORMATION ON PROFESSOR SHENOY AND HIS POINT OF
VIEW, WE ARE TODAY POUCHING COPIES OF HIS ARTICLE AND LETTER
TO THE AMBASSADOR, AS WELL AS THE EMBASSY'S REPLY.
MOYNIHAN

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Message Attributes

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